

SECTION H - SPECIAL CONTRACT REQUIREMENTS

H.1 ORGANIZATIONAL CONFLICT OF INTEREST

- (a) The Contractor warrants that, to the best of the Contractor's knowledge and belief, there are no relevant facts or circumstances which could give rise to an organizational conflict of interest, as defined in FAR Subpart 9.5, or that the Contractor has disclosed all such relevant information.
- (b) The Contractor agrees that if an actual or potential organizational conflict of interest is discovered after award, the Contractor will make a full disclosure in writing to the Contracting Officer. This disclosure shall include a description of actions which the Contractor has taken or proposes to take, after consultation with the Contracting Officer, to avoid, mitigate, or neutralize the actual or potential conflict.
- (c) Remedies - The Contracting Officer may terminate this contract for convenience, in whole or in part, if it deems such termination necessary to avoid an organizational conflict of interest. If the Contractor was aware of a potential organizational conflict of interest prior to award or discovered an actual or potential conflict after award and did not disclose or misrepresented relevant information to the Contracting Officer, the Government may terminate the contract for default, debar the Contractor from Government contracting, or pursue such other remedies as may be permitted by law or this contract.
- (d) The Contractor further agrees to insert provisions which shall conform substantially to the language of this clause, including this paragraph (d), in any subcontract or consultant agreement hereunder.

H.2 OPTION TO EXTEND THE TERM OF THE CONTRACT--FIXED-PRICE CONTRACT

The Government has the option to extend the term of this contract for four (4) additional period(s). If more than 60 days remain in the contract period of performance, the Government, without prior written notification, may exercise this option by issuing a contract modification. To exercise this option within the last 60 days of the period of

performance, the Government must provide to the Contractor written notification prior to that last sixty-day period. This preliminary notification does not commit the Government to exercising the option.

Exercise of an option will result in the following contract modifications:

The "Period of Performance" clause will be modified as follows:

Period	Start Date	End Date
Option I	01/03/96 -	01/02/97
Option II	01/03/97 -	01/02/98
Option III	01/03/98 -	01/02/99
Option IV	01/03/99 -	01/02/00

H.3 INSURANCE COVERAGE

Pursuant to the clause "Insurance - Work on a Government Installation (FAR 52.228-5)," the Contractor will be required to present evidence to show, as a minimum, the amounts of insurance coverage indicated below:

- (a) Workers Compensation and Employer's Liability. The Contractor is required to comply with applicable Federal and State workers' compensation and occupational disease statutes. If occupational diseases are not compensable under those statutes, they shall be covered under the employer's liability section of the insurance policy, except when contract operations are so commingled with a Contractor's commercial operations that it would not be practical to require this coverage. Employer's liability coverage of at least \$100,000 shall be required, except in States with exclusive or monopolistic funds that do not permit workers' compensation to be written by private carriers.
- (b) General Liability.
 - (1) The Contractor shall have bodily injury liability insurance coverage written on the comprehensive form of policy of at least \$500,000 per occurrence.
 - (2) Property Damage liability insurance shall be required in the amount of \$300,000.

- (c) Automobile Liability. The Contractor shall have automobile liability insurance written on the comprehensive form of policy. The policy shall provide for bodily injury and property damage liability covering the operation of all automobiles used in connection with performing the contract. Policies covering automobiles operated in the United States shall provide coverage of at least \$200,000 per person and \$500,000 per occurrence for bodily injury and \$20,000 per occurrence for property damage.
- (d) Aircraft Public and Passenger Liability. When aircraft are used in connection with performing the contract, the Contractor shall have aircraft public and passenger liability insurance. Coverage shall be at least \$200,000 per person and \$500,000 per occurrence for bodily injury, other than passenger liability, and \$200,000 per occurrence for property damage. Coverage for passenger liability bodily injury shall be at least \$200,000 multiplied by the number of seats or passengers, whichever is greater.

H.4 KEY PERSONNEL

- (a) The Contractor shall assign to this contract the following key personnel:
 - Project Manager
 - Contract Business Manager
 - Supervisor, File Maintenance Activities
 - Supervisor, Reclassification Processing Work
 - Supervisor of Optional Requirements
- (b) During the first ninety (90) days of performance, the Contractor shall make no substitutions of key personnel unless the substitution is necessitated by illness, death, or termination of employment. The Contractor shall notify the Contracting Officer within 15 calendar days after the occurrence of any of these events and provide the information required by paragraph (c) below. After the initial 90-day period, the Contractor shall submit the information required by paragraph (c) to the Contracting Officer at least 15 days prior to making any permanent substitutions.
- (c) The Contractor shall provide a detailed explanation of the circumstances necessitating the proposed substitutions, complete resumes for the proposed substitutes, and any additional information requested by

the Contracting Officer. Proposed substitutes should have comparable qualifications to those of the persons being replaced. The Contracting Officer will notify the Contractor within 15 calendar days after receipt of all required information of the decision on substitutions. The contract will be modified to reflect any approved changes of key personnel.

H.5 1352.217-105 CHANGE PROPOSALS (JAN 1987)

- (a) In addition to issuing changes under the Changes clause, the Contracting Officer may propose changes within the general scope of this contract, as set forth below. Within 10 days from the date of receipt of any such proposed change, or within such further time as the Contracting Officer may allow, the Contractor shall submit a scope of work plans and sketches for the proposed change, and his estimate of: (i) the cost, (ii) the effect on the delivery date of the vessel, and (iii) the status of work on the ship affected by the proposed change. The proposed scope of work and estimate of the cost shall be in such form and supported by such reasonably detailed information as the Contracting Officer may require. The Contractor's estimate shall be a firm offer for 30 days from receipt thereof by the cognizant Contracting Officer, unless extended by mutual consent. Within the time limit, the Contractor agrees to either (i) enter into a supplemental agreement covering the estimate as submitted or (ii) begin good faith negotiations at the request of the Contracting Officer, leading to the execution of a bilateral supplemental agreement, if the estimate as submitted is not satisfactory to the Contracting Officer. In either case, the supplemental agreement shall include an equitable adjustment for the preparatory work set forth above.
- (b) Pending execution of a bilateral agreement or the direction of the Contracting Officer pursuant to the Changes clause, the Contractor shall proceed diligently with contract performance without regard to the effect of any such proposed change.
- (c) Concurrently with the submission of any Change Proposal under this contract in which the proposed aggregate cost is \$100,000 or greater, the Contractor shall submit to the Contracting Officer a completed Standard Form 1411. At the time of agreement upon the price of the Change Proposal, the Contractor shall submit a signed Certificate of Current Cost or Pricing Data.

H.6 RESTRICTIONS AGAINST DISCLOSURE

- (a) The Contractor agrees, in the performance of this contract, to keep the information contained in source documents or other media furnished by the Government in the strictest confidence, said information being the sole property of the Government. The Contractor also agrees not to publish or otherwise divulge such information in whole or in part, in any manner or form, nor to authorize or permit others to do so, taking such reasonable measures as are necessary to restrict access to such information while in the Contractor's possession, to those employees needing such information to perform the work provided herein, i.e., on a "need to know" basis. The Contractor agrees to immediately notify in writing, the Contracting Officer, named herein, in the event that the Contractor determines or has reason to suspect a breach of this requirement.
- (b) The Contractor agrees that he will not disclose any information concerning the work under this contract to any persons or individual unless prior written approval is obtained from the Contracting Officer. The Contractor agrees to insert the substance of this clause in any consultant agreement or subcontract hereunder.
- (c) Each individual employed by the Contractor for work on this contract shall be required to sign a Statement of Confidentiality (see Section J, exhibit 58). Each employee's signed statement shall be forwarded to the COTR for review and retention.
- (d) All personnel employed on this contract shall be subject to a suitability investigation. At the time of contract initiation or employment (whichever comes first), each individual shall within 3 workdays, complete and return to the COTR such forms as requested by the Government. Adverse information discovered as a result of such an investigation may result in recommendation for the employee's termination of employment from this contract.

H.7 52.246-20 WARRANTY OF SERVICES (APR 1984)

- (a) Definitions. "Acceptance," as used in this clause, means the act of an authorized representative of the Government by which the Government assumes for itself, or as an agent of another, ownership of existing and identified supplies, or approves specific services, as partial or complete performance of the contract.

"Correction," as used in this clause, means the elimination of a defect.

- (b) Notwithstanding inspection and acceptance by the Government or any provision concerning the conclusiveness thereof, the Contractor warrants that all services performed under this contract will, at the time of acceptance, be free from defects in workmanship and conform to the requirements of this contract. The Contracting Officer shall give written notice of any defect or nonconformance to the Contractor in accordance with Section E. This notice shall state either (1) that the Contractor shall correct or reperform any defective or nonconforming services, or (2) that the Government does not require correction or reperformance.
- (c) If the Contractor is required to correct or reperform, it shall be at no cost to the Government, and any services corrected or reperformed by the Contractor shall be subject to this clause to the same extent as work initially performed. If the Contractor fails or refuses to correct or reperform, the Contracting Officer may, by contract or otherwise, correct or replace with similar services and charge to the Contractor the cost occasioned to the Government thereby, or make an equitable adjustment in the contract price.
- (d) If the Government does not require correction or reperformance, the Contracting Officer shall make an equitable adjustment in the contract price.

H.8 FEDERAL HOLIDAYS

The following federal holidays shall be observed:

New Year's Day	Labor Day
Birthday of Martin Luther King Jr.	Columbus Day
Presidents' Day	Veterans Day
Memorial Day	Thanksgiving Day
Independence Day	Christmas Day
	Inauguration Day 1997

Note: Any other federally declared holiday, snow day, or partial excused absence shall also be observed.

H.9 PERSONNEL SECURITY

- (a) During the course of performing the duties and responsibilities under this contract, contractor personnel will have ready access to a wide variety of sensitive data and information in both electronic and non-electronic form. This includes ready access to Privacy Act protected pre-issue patent application information, serial numbers of unexamined applications, PALM data, as well as a variety of examiner office actions and related correspondence. In addition, free access and mobility within PTO office space during normal working hours is an inherent requirement, and only limited direct supervision as well as access controls are expected to be imposed during the performance of these support services.
- (b) With this in mind, significant potential clearly exists for sensitive data and information to be inappropriately disclosed, modified, destroyed, created, and/or otherwise be made available for use. Mistakes, errors in judgement, or intentional acts of misconduct by the contractor also have the potential for causing moderate to serious loss or harm to agency mission, programs, day-to-day operations, business functions, and/or delivery of client services (including the potential damage sustained from successful legal actions taken against the PTO for unauthorized disclosure of pre-issue application information). Mistakes, errors in judgement, or intentional acts of misconduct by the contractor also present the opportunity for significant personal gain on the part of both the contractor as well as the assigned contractor personnel (including the potential or inappropriate disclosure of the above referenced sensitive data and information for profit).
- (c) In consideration of the preceding, the level of suitability clearance required for this contract appears to be at two levels.
- (d) For those contract personnel whose duties and responsibilities, indeed, raise the concerns referenced above, the investigative requirement would be at the "High Risk" level. This includes a National Agency Check and Inquiry (NACI) pre-appointment check prior to the beginning of the subject's performance on the contract. It also includes subsequent initiation of a full Background Investigation (BI) within 14 days of the beginning of the subject's performance on the contract. In addition, a

Periodic Reinvestigation (PRI) is required every five years.

- (e) For those contract personnel whose duties and responsibilities do not raise the concerns referenced above, the investigative requirement would be at the "Low Risk" level. In this regard, there is no mandated pre-appointment check requirement. There is also no mandated PRI requirement. However, a NACI must be initiated within 14 days of the beginning of the subject's performance on the contract.
- (f) The responsibility for the final decision regarding which contractor personnel fall into each category lies with the COTR.